



Department of Justice

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FOR IMMEDIATE RELEASE

02/17/11

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FINAL THREE DEFENDANTS SENTENCED TO FEDERAL PRISON FOR "PHANTOM" TIMBER SCHEME

*Defendants Defrauded Temple-Inland, Inc. Of Over \$4 Million
Between 2003 and 2006*

ROME, GA - AARON FREEMAN, 50, of Rome, Georgia; KEVIN A. FIELDS, 31, of Forsyth, Georgia; and JASON S. JOSEPH, 32, of Macon, Georgia, were sentenced today by Senior United States District Judge Robert L. Vining, Jr. to federal prison on charges relating to a \$4 million scheme involving timber that did not exist. They are the last of seven defendants to be sentenced in the scheme.

"FREEMAN and his co-conspirators stole millions of dollars from FREEMAN's employer, Temple-Inland, by causing it to pay for thousands of timber deliveries that existed only on paper," said United States Attorney Sally Quillian Yates. "After FREEMAN manipulated Temple-Inland's computer system to create phony timber delivery receipts, the co-conspirators redeemed the receipts through multiple timber brokers and then laundered the proceeds through federally-chartered banks and credit unions. While today's sentencings mark the successful conclusion of the government's case, the defendants sentenced today have only just begun to repay their debt to society. They will now spend many years in federal prison and be forced to repay millions in ill-gotten gains."

FREEMAN was sentenced to 7 years, 3 months in prison to be followed by 3 years of supervised release, and ordered to pay \$4.1 million in restitution. There is no parole in the federal system. FREEMAN pleaded guilty to one count of conspiracy to commit wire fraud and one count of conspiracy to commit money laundering on November 2, 2010.

FIELDS was sentenced to 3 years, 1 month in prison to be followed by 3 years of supervised release, and ordered to pay \$3.2 million in restitution. FIELDS pleaded guilty to one count of conspiracy to commit wire fraud and one count of conspiracy to commit money laundering on June 21, 2010 and agreed to cooperate in the case.

JOSEPH was sentenced to 1 year in prison to be followed by 3 years of supervised release, and ordered to pay \$828,700 in restitution. JOSEPH pleaded guilty to one count of conspiracy to commit money laundering on March 9, 2010 and also agreed to cooperate in the case.

According to United States Attorney Yates, the charges, and other information presented in court: FREEMAN worked as a scale house operator at the “Temple-Inland Inc.” paper mill in Floyd County, Georgia, until June 2006. The scale house received and weighed approximately 350 timber trucks each day, providing a delivery receipt, known in the industry as a “scale ticket,” to each driver as proof of delivery. Between 2003 and 2006, FREEMAN worked primarily during the night shift, often alone, processing timber deliveries through the scale house computer system.

While working in the scale house during that time, FREEMAN manipulated the computer system to produce multiple weight readings when a single timber truck passed through the paper mill's scale, making it appear as if there had been two or more deliveries when there had only been one. FREEMAN then caused the computer system to generate false scale tickets for the “phantom” loads, along with valid scale tickets for the legitimate deliveries. The Rome scale house computer system simultaneously transmitted the delivery information electronically to Temple-Inland’s headquarters in Austin, Texas, ultimately resulting in electronic funds transfers from Temple-Inland’s bank to timber suppliers’ bank accounts in Georgia and South Carolina.

After creating the false scale tickets, FREEMAN recruited multiple co-conspirators, including FIELDS; ROGER G. CARTHERN, 63, and R. ANDREW CARTHERN, 40, both of Jefferson, Georgia; J. DAVID CARTHERN, 64, of Commerce, Georgia; ROBERT FRANK FERGUSON, JR., 56, of Maysville, Georgia; and GEORGE BONNER TATE, 40, of Hartwell, Georgia, to redeem the false scale tickets for payment by timber suppliers and return a share of the money to FREEMAN in cash. FIELDS in turn recruited JOSEPH to help him launder FIELDS’ and FREEMAN’s fraud proceeds through multiple banks and credit unions, sharing part of the proceeds with JOSEPH.

By manipulating the scale house computer system and creating false scale tickets, FREEMAN caused Temple-Inland to pay approximately \$3.35 million for phantom timber that FIELDS claimed to have delivered; \$910,000 for phantom timber that JOSEPH claimed to have delivered; \$313,000 to ROGER and ANDREW CARTHERN; more than \$112,000 to DAVID CARTHERN and ROBERT FRANK FERGUSON; and more than \$160,000 to GEORGE TATE, all of whom shared their money with FREEMAN.

The charges originated with a 20-count federal grand jury indictment against nine defendants on November 2, 2009.

In addition to the three defendants sentenced today, four other defendants charged in the indictment previously pleaded guilty to one count of conspiracy to commit wire fraud and agreed to cooperate in the case. They are: ROGER CARTHERN, ANDREW CARTHERN, FERGUSON, and TATE. The government dismissed the remaining two defendants from the case.

The court sentenced TATE and FERGUSON on January 20, 2011. TATE was sentenced to serve two years and ten months on probation, to include four months of home confinement; and ordered to pay \$167,000 in restitution. FERGUSON was sentenced to serve two years and ten months of probation, to include four months of home confinement; and ordered to pay \$112,000 in restitution.

The court sentenced ANDREW CARTHERN and ROGER CARTHERN on February 14, 2011. ANDREW CARTHERN was sentenced to serve two years and ten months on probation and ordered to pay \$313,000 in restitution. ROGER CARTHERN was sentenced to serve one year of probation and ordered to pay \$313,000 in restitution.

This case was investigated by Special Agents of the FBI.

Assistant United States Attorneys William G. Traynor and David M. Chaiken prosecuted the case.

For further information please contact Sally Q. Yates, United States Attorney, or Charysse L. Alexander, Executive Assistant United States Attorney, through Patrick Crosby, Public Affairs Officer, U.S. Attorney's Office, at (404) 581-6016. The Internet address for the HomePage for the U.S. Attorney's Office for the Northern District of Georgia is www.justice.gov/usao/gan.